

## **2011 DRAFTING REQUEST**

### **Bill**

Received: **03/25/2011**

Received By: **csundber**

Wanted: **As time permits**

Companion to LRB:

For: **Fred Clark (608) 266-7746**

By/Representing: **Beau Stafford**

May Contact:

Drafter: **mgallagh**

Subject: **Econ. Development - bus. dev.**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Clark@legis.wisconsin.gov**

Carbon copy (CC:) to: **christopher.sundberg@legis.wisconsin.gov**  
**michael.gallagher@legis.wisconsin.gov**

---

### **Pre Topic:**

No specific pre topic given

---

### **Topic:**

Modify WHEDA small business loan guarantees, authorize additional bonding

---

### **Instructions:**

See attached

---

### **Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	csundber 04/01/2011	jdye 04/04/2011		_____			
/P1	mgallagh 05/30/2011	jdye 06/01/2011	mduchek 04/04/2011	_____	lparisi 04/04/2011		State
/1	mgallagh 09/28/2011	jdye 09/28/2011	rschluet 06/01/2011 phenry 09/28/2011	_____ _____ _____	ggodwin 06/01/2011	lparisi 10/21/2011	

Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

FE Sent For:

*atw*  
*11/14/11*

<END>

## 2011 DRAFTING REQUEST

### Bill

Received: **03/25/2011**

Received By: **csundber**

Wanted: **As time permits**

Companion to LRB:

For: **Fred Clark (608) 266-7746**

By/Representing: **Beau Stafford**

May Contact:

Drafter: **mgallagh**

Subject: **Econ. Development - bus. dev.**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Clark@legis.wisconsin.gov**

Carbon copy (CC:) to: **christopher.sundberg@legis.wisconsin.gov**  
**michael.gallagher@legis.wisconsin.gov**

---

### Pre Topic:

No specific pre topic given

---

### Topic:

Modify WHEDA small business loan guarantees, authorize additional bonding

---

### Instructions:

See attached

---

### Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	csundber 04/01/2011	jdyer 04/04/2011					
/P1	mgallagh 05/30/2011	jdyer 06/01/2011	mduchek 04/04/2011		lparisi 04/04/2011		State
/1		rschluet 06/01/2011			ggodwin 06/01/2011		

Per  
Beau S.  
(phone)  
(Assembly)

FE Sent For:

**<END>**

**2011 DRAFTING REQUEST**

**Bill**

Received: **03/25/2011**

Received By: **csundber**

Wanted: **As time permits**

Companion to LRB:

For: **Fred Clark (608) 266-7746**

By/Representing: **Beau Stafford**

May Contact:

Drafter: **mgallagh**

Subject: **Econ. Development - bus. dev.**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Clark@legis.wisconsin.gov**

Carbon copy (CC:) to: **christopher.sundberg@legis.wisconsin.gov**  
**michael.gallagher@legis.wisconsin.gov**

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Modify WHEDA small business loan guarantees, authorize additional bonding

---

**Instructions:**

See attached

---

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	csundber 04/01/2011	jdye 04/04/2011					
/P1	mgallagh	<i>16</i> <i>jd</i>	mduchek 04/04/2011		lparisi 04/04/2011		

FE Sent For:

<END>

**2011 DRAFTING REQUEST**

**Bill**

Received: 03/25/2011

Received By: **csundber**

Wanted: **As time permits**

Companion to LRB:

For: **Fred Clark (608) 266-7746**

By/Representing: **Beau Stafford**

May Contact:

Drafter: **csundber**

Subject: **Econ. Development - bus. dev.**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Clark@legis.wisconsin.gov**

Carbon copy (CC:) to: **christopher.sundberg@legis.wisconsin.gov**

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Modify WHEDA small business loan guarantees, authorize additional bonding

---

**Instructions:**

See attached

---

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	csundber	PI 4/4 jld	M	_____			

FE Sent For:

<END>

Rep. Clark 42<sup>nd</sup> AD

Drafting Notes for  
"Small Business Loan Guarantee Expansion – Financing Success"

2-10-11

**Amend 234.83 (WHEDA Small Business Loan Guarantee Program) as follows:**

234.83(3)(a) 2 – remove reference to "child care business" and replace with start-up of a manufacturing, processing, contracting, agricultural, forestry or service business that meets 234.83 definition of small business.

234.83(4) Change maximum limits of loan size to \$750,000. Need clarification on current law \$200K and \$250 K limits.

*guarantee*

234.90(2)(h) delete reference to term of loan not extending after March 31<sup>st</sup>.

**234.93 Wisconsin Development Reserve Fund**

234.93(3) change maximum of all loans guaranteed from \$49,500,000 to \$115,000,000

Create authority for WHEDA to issue \$15,000,000 in bonds to add 15M to the Wisconsin Development Reserve Fund for purposes of loan guarantees. 234.65?



Wanted by 4/6  
State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-1764/2

CTS.....

JW

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

Gen

✓  
1 AN ACT ...; relating to: the Wisconsin Housing and Economic Development  
2 Authority's development reserve fund and small business and agricultural  
3 production loan guarantee programs.✓

*Analysis by the Legislative Reference Bureau*

✓  
This is a preliminary draft. An analysis will be provided in a subsequent version  
of this draft.✓

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

4 SECTION 1. 234.83 (3) (a) 2.✓ of the statutes is amended to read:  
5 234.83 (3) (a) 2. The start-up of a ~~child care business~~✓ small business engaged  
6 in manufacturing, processing, contracting, agriculture, forestry, or providing  
7 services✓, including the purchase or improvement of land, buildings, machinery,  
8 equipment, or inventory.

History: 1991 a. 39; 1993 a. 394; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2005 a. 75; 2009 a. 185.

9 SECTION 2. 234.83 (4) of the statutes is amended to read:



234.83 (4) GUARANTEE OF REPAYMENT. The authority may guarantee repayment of a portion of the principal of any loan eligible for a guarantee under sub. (1m). That portion may not exceed 80% of the principal of the loan or \$200,000 \$750,000, whichever is less. The authority shall establish the portion of the principal of an eligible loan that will be guaranteed, using the procedures described in the agreement under s. 234.93 (2) (a). The authority may establish a single portion for all guaranteed loans that do not exceed \$250,000 \$750,000 and a single portion for all guaranteed loans that exceed \$250,000 \$750,000 or establish on an individual basis different portions for eligible loans that do not exceed \$250,000 \$750,000 and different portions for eligible loans that exceed \$250,000 \$750,000.

History: 1991 a. 39; 1993 a. 394; 1997 a. 27; 1999 a. 9; 2001 a. 16; ~~2005 a. 75~~; 2009 a. 185.

**SECTION 3.** 234.90 (2) (h) of the statutes is amended to read:

234.90 (2) (h) The term of the loan does not extend after ~~March~~ December 31 of the calendar year following the calendar year in which the participating lender granted the loan.

History: 1985 a. 9, 29, 153, 332, 334; 1987 a. 7, 27, 178, 421; 1989 a. 1, 10, 31, 336; 1991 a. 4, 39, 221; 1993 a. 1; 1995 a. 5, 150, 404; 1999 a. 9; 2001 a. 16; 2003 a. 236.

\*\*\*\*NOTE: It was unclear from the drafting instructions whether the bill should do away with the limit on the term of the loan altogether or merely extend the limit to the end of the calendar year. The section above extends the limit to the end of the calendar year following the calendar year in which the loan is made. Is this correct?

**SECTION 4.** 234.93 (1) (e) of the statutes is created to read:

234.93 (1) (e) Moneys raised under sub. (1m).

**SECTION 5.** 234.93 (1m) of the statutes is created to read:

234.93 (1m) SUPPLEMENTARY FUNDING. The authority may issue not more than \$15,000,000 in negotiable notes and bonds to expand guarantees under ss. 234.83 and 234.90.

**SECTION 6.** 234.93 (3) (a) of the statutes is amended to read:

1           234.93 (3) (a) Except as provided in par. (b), the total principal amount or total  
2       outstanding guaranteed principal amount of all loans that the authority may  
3       guarantee under the aggregate of the programs guaranteed by funds from the  
4       Wisconsin development reserve fund, excluding the program under s. 234.935, 1997  
5       stats., may not exceed ~~\$49,500,000~~ \$115,000,000.✓

History: 1991 a. 39, 221; 1993 a. 16, 394; 1995 a. 5, 150; 1997 a. 27; 1999 a. 9; 2001 a. 16.

6           **SECTION 7.** 234.93 (4) (a) (intro.) of the statutes is amended to read:

7           234.93 (4) (a) (intro.) Annually on June 30, until no balance remains, the  
8       authority shall transfer to the general fund any balance remaining in the Wisconsin  
9       development reserve fund on that date, other than moneys obtained by the authority✓  
10      under sub. (1m)✓, after deducting an amount sufficient for all of the following:

History: 1991 a. 39, 221; 1993 a. 16, 394; 1995 a. 5, 150; 1997 a. 27; 1999 a. 9; 2001 a. 16.

\*\*\*\*NOTE: I have placed the additional \$15,000,000✓ in bonding authority for loans  
guarantees in the Wisconsin development reserve fund under s. 234.93, which funds  
WHEDA's loan guarantees of loans to small businesses under s. 234.83.✓ Note that s.  
234.65✓ appears to authorize WHEDA to make economic development loans directly, as  
opposed to guaranteeing loans made by other lenders. I have also created an exemption  
for capital raised through the additional bonding authority from the transfer  
requirement under s. 234.93 (4). Is this okay?

Note that moneys in the Wisconsin✓ development reserve fund may be used to  
guarantee loans under the✓ agricultural production drought assistance, agricultural  
development, and farm assets reinvestment management loan guarantee programs,✓ in  
addition to the small business development and agricultural production loan guarantee  
programs treated in this draft.✓ If you wish to further limit the types of loan guarantees  
for which WHEDA may use the proceeds of additional bonding authority under the bill,  
please let me know and I will prepare a redraft.

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

~~1764~~

Leg. Ref.

Rep. Clark.

- LRB 1764/101

→ Chris had 3 questions.

→

yes.

yes.

okay.

- Intradable Form.



Redraft in 5/31/2011

State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-1764/P1

CTS:jld:md

MPB

1

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

Insert

Regen

AN ACT *to amend* 234.83 (3) (a) 2., 234.83 (4), 234.90 (2) (h), 234.93 (3) (a) and  
234.93 (4) (a) (intro.); and *to create* 234.93 (1) (e) and 234.93 (1m) of the  
statutes; **relating to:** the Wisconsin Housing and Economic Development  
Authority's development reserve fund and small business and agricultural  
production loan guarantee programs.

***Analysis by the Legislative Reference Bureau***

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

**SECTION 1.** 234.83 (3) (a) 2. of the statutes is amended to read:

234.83 (3) (a) 2. The start-up of a ~~child care business~~ small business engaged  
in manufacturing, processing, contracting, agriculture, forestry, or providing  
services, including the purchase or improvement of land, buildings, machinery,  
equipment, or inventory.

1           **SECTION 2.** 234.83 (4) of the statutes is amended to read:

2           234.83 (4) **GUARANTEE OF REPAYMENT.** The authority may guarantee repayment  
3 of a portion of the principal of any loan eligible for a guarantee under sub. (1m). That  
4 portion may not exceed 80% of the principal of the loan or ~~\$200,000~~ \$750,000,  
5 whichever is less. The authority shall establish the portion of the principal of an  
6 eligible loan that will be guaranteed, using the procedures described in the  
7 agreement under s. 234.93 (2) (a). The authority may establish a single portion for  
8 all guaranteed loans that do not exceed ~~\$250,000~~ \$750,000 and a single portion for  
9 all guaranteed loans that exceed ~~\$250,000~~ \$750,000 or establish on an individual  
10 basis different portions for eligible loans that do not exceed ~~\$250,000~~ \$750,000 and  
11 different portions for eligible loans that exceed ~~\$250,000~~ \$750,000.

12           **SECTION 3.** 234.90 (2) (h) of the statutes is amended to read:

13           234.90 (2) (h) The term of the loan does not extend after ~~March~~ December 31  
14 of the calendar year following the calendar year in which the participating lender  
15 granted the loan. ✓

\*\*\*\*NOTE: It was unclear from the drafting instructions whether the bill should do away with the limit on the term of the loan altogether or merely extend the limit to the end of the calendar year. The section above extends the limit to the end of the calendar year following the calendar year in which the loan is made. Is this correct?

16           **SECTION 4.** 234.93 (1) (e) of the statutes is created to read:

17           234.93 (1) (e) Moneys raised under sub. (1m).

18           **SECTION 5.** 234.93 (1m) of the statutes is created to read:

19           234.93 (1m) **SUPPLEMENTARY FUNDING.** The authority may issue not more than  
20 \$15,000,000 in negotiable notes and bonds to expand guarantees under ss. 234.83  
21 and 234.90.

22           **SECTION 6.** 234.93 (3) (a) of the statutes is amended to read:

1           234.93 (3) (a) Except as provided in par. (b), the total principal amount or total  
2           outstanding guaranteed principal amount of all loans that the authority may  
3           guarantee under the aggregate of the programs guaranteed by funds from the  
4           Wisconsin development reserve fund, excluding the program under s. 234.935, 1997  
5           stats., may not exceed ~~\$49,500,000~~ \$115,000,000.

6           **SECTION 7.** 234.93 (4) (a) (intro.) of the statutes is amended to read:

7           234.93 (4) (a) (intro.) Annually on June 30, until no balance remains, the  
8           authority shall transfer to the general fund any balance remaining in the Wisconsin  
9           development reserve fund on that date, other than moneys obtained by the authority  
10          under sub. (1m), after deducting an amount sufficient for all of the following:

\*\*\*\*NOTE: I have placed the additional \$15,000,000 in bonding authority for loans  
guarantees in the Wisconsin development reserve fund under s. 234.93, which funds  
WHEDA's loan guarantees of loans to small businesses under s. 234.83. Note that s.  
234.65 appears to authorize WHEDA to make economic development loans directly, as  
opposed to guaranteeing loans made by other lenders. I have also created an exemption  
for capital raised through the additional bonding authority from the transfer  
requirement under s. 234.93 (4). Is this okay?

Note that moneys in the Wisconsin development reserve fund may be used to  
guarantee loans under the agricultural production drought assistance, agricultural  
development, and farm assets reinvestment management loan guarantee programs, in  
addition to the small business development and agricultural production loan guarantee  
programs treated in this draft. If you wish to further limit the types of loan guarantees  
for which WHEDA may use the proceeds of additional bonding authority under the bill,  
please let me know and I will prepare a redraft.

(END)

**2011-2012 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1764/lins  
MPG:.....

1

**INSERT A**

This bill makes certain changes to loan guarantees made by the Wisconsin Housing and Economic Development Authority (WHEDA).

Under current law, WHEDA may guarantee repayment of a portion of the principal of a loan to a Wisconsin business employing 50 or fewer employees on a full-time basis if the proceeds of the loan are used for the expansion or acquisition of a business, the start-up of a child care business, or the start-up of a small business in a vacant storefront located in the downtown area of a rural community (small business loan guarantee). A small business loan guarantee may not exceed 80 percent of the principal of a loan or \$200,000, whichever is less.

The bill deletes the start-up of a child care business as an eligible use of loan proceeds subject to a small business loan guarantee, and the bill adds as an eligible use the start-up of a small business engaged in manufacturing, processing, contracting, agriculture, forestry, or providing services. The bill also raises the maximum limit of a small business loan guarantee to \$750,000.

Also under current law, WHEDA may guarantee a loan that meets certain conditions to a farmer to finance farming-related expenses (agricultural production loan guarantee). The term of a loan eligible for an agricultural production loan guarantee may not extend past March 31 of the calendar year following the calendar year in which the loan is made. The bill extends the eligible loan term to December 31 of the calendar year following the calendar year in which the loan is made.

under Finally, current law, small business loan guarantees and agricultural production loan guarantees, in addition to other kinds of loans guaranteed by WHEDA, are funded by the Wisconsin development reserve fund, which is administered by WHEDA. The total amount of loans that may be guaranteed by WHEDA under all loan guarantee programs funded by the development reserve fund is \$49,500,000. Annually on June 30, the balance remaining in the development reserve fund transfers to the general fund.

The bill raises the total limit of the Wisconsin development reserve fund to \$115,000,000. The bill also establishes a \$15,000,000 bonding limit for WHEDA for all small business loan guarantees and agricultural production loan guarantees combined. Any excess amounts raised by WHEDA under bonds for small business loan guarantees and agricultural production loan guarantees are not transferred to the general fund annually on June 30, but remain in the development reserve fund.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

2

**END INSERT A**